



Ninety – Sixth Legislature – First Session – 1999
Introducer's Statement of Intent
LB 397

Chairperson: Senator David M. Landis
Committee: Banking, Commerce, and Insurance
Date of Hearing: March 2, 1999

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

The Nebraska Department of Insurance has been an active participant in the National Association of Insurance Commissioners development of a "White Paper" on the matter of the deregulation of commercial lines property and casualty insurance.

The stringent requirements in the present Property and Casualty Insurance Rate and Form Act have become obsolete in the commercial insurance marketplace. Insurers are finding it difficult to do business in Nebraska which translates to a less competitive market. Commercial insurers are resorting to risk management techniques other than insurance as insurers are not free to compete within the current regulatory framework. More rate and form flexibility is a necessity in insurance regulation.

The system requires more efficiencies while also retaining general regulatory oversight. This is particularly true when sophisticated commercial insurance buyers are determining whether or not insurance coverages should be purchased in the domestic market or the surplus lines non-admitted market.

LB 397 would amend section 44-5018 of the Property and Casualty Rate and Form Act to establish a "use and file" rating system for all commercial lines except workers' compensation insurance. Insurance forms would be under a "file and use" system. The market must remain competitive and, if the Department of Insurance finds that a specific market is not competitive, then regulation would continue as under the present rate and form laws.

This is an active area for insurance legislation in many states which are following the recommendations of the NAIC.

Principal Introducer: _____
Senator David M. Landis